

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:4260
ANSWERED ON:19.08.2010
ISSUANCE OF FERTILIZER BONDS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the Government has announced to issue the fertilizer bonds;
- (b) if so, the details thereof and the terms and conditions thereof; and
- (c) the funds mobilized so far through issuing such bonds by the Government?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS(SHRI SRIKANT KUMAR JENA)

(a) to (c) Government has issued fertilizer bonds to the companies in lieu of subsidy of Rs. 27500 crore. Details of bonds issued to fertilizer company is as under:-

(Rs in crore)

Year	Tranc	Date	Coupon	Redemption	Amount	Bonds	Sold	Net	Loss
he of	Rate	Date	by the	Incurred					
notification			Companies						

2007-08 I 7th Dec` 07 8.30% 2023 3890 3,880.00 40.36

2007-08 II 28th Jan` 08 7.95% 2026 3610 3,399.74 208.92

2008-09 I 10th Dec` 08 7.00% 2022 10000 4,648.39 88.29

2008-09 II 26th Dec` 08 6.20% 2022 4000 425.59 64.48

2008-09 III 2nd Jan` 09 6.65% 2022 6000 1,241.66 141.26

Total 27500 13611.05 543.31

The terms and conditions of bonds are as under :-

1. Eligibility for making subscription to the Special Bonds and limits of subscription.

The companies as referred to in the Annexure-I hereto shall be eligible to subscribe to the Special Bonds and their subscription to the Special Bonds shall be limited to the extent of the amount, as shown against their respective names in the said Annexure-I. No other person including any bank, company, corporation or any other body, except the companies as referred to in the aforesaid Annexure, shall be eligible to subscribe to the Special Bonds.

2. Price

The Special Bonds shall be issued on application at par for the amounts as per the application made by the eligible companies. The Special Bonds will be issued for a minimum amount of Rs. 10,000 (Nomial) and in multiples of Rs. 10,000 thereafter.

3. Application

The Special Bonds shall be issued on application as per proforma in Annexure-II, from the eligible companies.

4. Form of Security

The Special Bonds will be issued in the form of stock i.e. `Stock Certificates` or by credit to Constituent Subsidiary General Ledger account maintained by a Subsidiary General Ledger account holder.

5. Commencement of tenure and date of repayment

The tenure of Special Bonds will commence from January 29, 2009. Interest on the Special Bonds will accrue from the date of commencement of tenure. The Special Bonds will be repaid at par on January 29, 2023 at Public Debt Office, Reserve of India, Mumbai.

6 Interest

The Special Bonds will bear interest at the rate of 6.65 per cent per annum. Interest will be reckoned from the date of commencement of tenure of the Special Bonds and will be payable half yearly on July 29 and January 29 till maturity of the Special Bonds.

Interest on the Special Bonds will be payable at Public Debt Office, Reserve Bank of India, Fort, Mumbai. Interest will be paid after rounding off the amount of interest to the nearest rupee.

7. Transferability

(i) Subject to the provisions of paragraph 4 of the notification, the Special Bonds can be renewed, sub-divided, consolidated, converted and transferred by the holder in accordance with the provisions of the Government Securities Act, 2006 and Government Securities Regulations, 2007 framed thereunder.

(ii) Notwithstanding what is stated in paragraph 1 hereinabove, there will be no restriction on the transfer of the Special Bonds by the subscribers in favour of any other person including banks, corporation or any other body and the transferee of such security would also be entitled to hold and transfer the same in such manner.

8. Statutory Provisions

With respect to any such matter which has not been provided under this Notification, the Special Bonds shall be governed by the Government Securities Act, 2006 and Government Securities Regulations, 2007 framed thereunder.

9 Applicability of Tax Law

The value of the investment in the Special Bonds and the interest payable thereon will be governed by the provisions of tax laws at applicable from time to time.

10. Eligibility of Bonds

The investment in Special Bonds by the banks and insurance companies will not be reckoned as an eligible investment in Government securities for their statutory requirements. However, such investment by the insurance companies will be eligible to be reckoned as investment under `other Approved Securities` category as defined under Insurance Regulatory and Development Authority (Investment) Regulations, 2000. Further, the investment by the Provident Funds, Gratuity funds, Superannuation Funds, etc. in the Special Bonds will be treated as an eligible investment under the administrative order of the Ministry of Finance.

11. Eligibility for Repo

The Special Bonds will be transferable and eligible for market ready forward transactions (Repo).